

Annual Report **2015**



MISSOURI
Department of Economic Development

Tax Credit Accountability Report Annual Status Report of Development Programs

TABLE OF CONTENTS

| | PAGE |
|--|------|
| 1. INTRODUCTION | 3 |
| 2. DED INCENTIVES BY CATEGORY TYPE AND PROGRAM | 4 |
| 3. DED INCENTIVES BY INDUSTRY | 6 |
| 4. DED INCENTIVES BY BUSINESS SIZE | 7 |
| 5. JOBS REPORTING | 8 |
| 6. LEGAL ACTIONS | 9 |



INTRODUCTION

In 2004, the legislature passed the “Tax Credit Accountability Act”. The statute, RSMo 620.017.4., requires that the Department of Economic Development prepare an annual report regarding all economic incentives administered in the previous calendar year and submit the report to the Governor, President Pro Tem of the Senate, and the Speaker of the House of Representatives.

The annual report must include the following information:

- The distribution of economic incentives by type and public purpose. In the statute, RSMo 135.800, all tax credits are grouped into a category, or type, based on their public purpose. This section of the report reflects the distribution of incentives by those categories, which are as follows:
 - Agricultural
 - Environmental
 - Entrepreneurial
 - Domestic and Social
 - Housing
 - Redevelopment
 - Training and Education
 - Business Recruitment
 - Community Development
- The total amount of economic incentives awarded by industry. All incentives issued to organizations or businesses are broken down by North American Industry Classification System (NAICS) Codes.
- The distribution of economic incentives by the size of all business recipients. All incentives issued to businesses only are broken down by business size categories of less than 100 employees, 100-500 employees, and greater than 500 employees.
- A summary of jobs created as reported annually.
- A reporting of any legal action taken by the department or the state with any parties which have failed to comply with a contract or agreement pursuant to this section.

All economic incentives are reported by the amount that has been issued to the taxpayer in the calendar year. Issuance of a tax credit indicates that the Department of Economic Development has determined it meets eligibility criteria and has proof that the organization or company has met the program requirements. Tax credits are issued using a certificate which may be attached to a state tax filing for redemption through the Department of Revenue.

The information is collected through the application and review process. RSMo 135.802 requires that all applications include:

- Name, address, contact and phone number for the applicant.
- Taxpayer type
- Standard industry code (The NAICS system has replaced the Standard Industry Code system for identifying industries at the federal level.)
- Program name and type of any other tax credits (state or federal) that are being utilized for the same activity or project.



DED INCENTIVES REPORTED BY CATEGORY

January 1, 2014 to December 31, 2014

| Category Type and Program | Total Amount Issued in CY 2014 |
|---|-----------------------------------|
| Agricultural | |
| Wine and Grape | \$ 24,606.48 |
| Missouri Rural Economic Stimulus Act** | \$ - |
| Total Agricultural | \$ 24,606.48 |
| Environmental | |
| Charcoal Producers | \$ - |
| Total Environmental | \$ - |
| Entrepreneurial | |
| Loan Guarantee Fee | \$ - |
| Certified Capital Companies | \$ - |
| Business Incubator | \$ 122,421.47 |
| Urban Enterprise Loan** | \$ 100,000.00 |
| Seed Capital | \$ - |
| Capital SBIC | \$ - |
| New Enterprise Creation | \$ - |
| Research | \$ - |
| Total Entrepreneurial | \$ 222,421.47 |
| Domestic and Social | |
| Youth Opportunities Program | \$ 6,062,575.00 |
| Total Domestic and Social | \$ 6,062,575.00 |
| Housing* | |
| Neighborhood Preservation | \$ 2,679,603.20 |
| Total Housing | \$ 2,679,603.20 |
| Redevelopment | |
| Brownfield Remediation | \$ 3,374,818.65 |
| Brownfield Jobs and Investment | \$ 197,740.00 |
| Brownfield Demolition | \$ - |
| Distressed Areas Land Assemblage | \$ - |
| Historic Preservation | \$ 50,442,687.85 |
| Community Development Corporation Grant** | \$ - |
| Community Bank | \$ - |
| State Tax Increment Financing** | \$ 10,453,871.00 |
| Missouri Downtown Economic Stimulus Act** | \$ 532,021.00 |
| Downtown Preservation** | \$ - |
| Total Redevelopment | \$ 65,001,138.50 |

DED INCENTIVES REPORTED BY CATEGORY CONTINUED

Training and Education

| | |
|---|-------------------------|
| Missouri Works New Jobs Training Program** | \$ 2,829,479.00 |
| Missouri Works Retained Jobs Training Program** | \$ 11,327,379.00 |
| Missouri Works Customized Training Program** | \$ 13,239,328.73 |
| Total Training and Education | \$ 27,396,186.73 |

Business Recruitment

| | |
|-----------------------------------|-------------------------|
| Business Facility | \$ 6,102,658.00 |
| Enhanced Enterprise Zone | \$ 7,550,086.22 |
| Enterprise Zone | \$ - |
| Development Tax Credit | \$ 2,169,241.42 |
| Rebuilding Communities | \$ 1,873,110.84 |
| Film Production | \$ 2,773,097.38 |
| Manufacturing Jobs** | \$ 16,379,189.41 |
| Missouri Quality Jobs | \$ 51,238,124.66 |
| Missouri Works | \$ 756,153.46 |
| Total Business Recruitment | \$ 88,841,661.39 |

Community Development

| | |
|------------------------------------|-------------------------|
| Transportation Development | \$ - |
| Neighborhood Assistance | \$ 11,598,309.00 |
| Family Development Account | \$ - |
| Dry Fire Hydrant | \$ - |
| Total Community Development | \$ 11,598,309.00 |

Other

| | |
|-------------------------------|-------------|
| Amateur Sporting Contribution | \$ - |
| Amateur Sporting Ticket Sales | \$ - |
| Total Other | \$ - |

| | |
|--|--------------------------|
| TOTAL--ALL DED STATE INCENTIVES | \$ 201,826,501.77 |
|--|--------------------------|

**By Statute, this report does not include Low-Income Housing Tax Credits.*

***These programs are not tax credit programs.*



DED INCENTIVES REPORTED BY INDUSTRY*

January 1, 2014 to December 31, 2014

| NAICS Description | Amount |
|---|--------------------------|
| 11 Agriculture, forestry, fishing and hunting | \$ 337,212.00 |
| 21 Mining | \$ - |
| 22 Utilities | \$ - |
| 23 Construction | \$ 5,201,000.26 |
| 31-33 Manufacturing | \$ 28,125,735.98 |
| 42 Wholesale Trade | \$ 5,027,487.78 |
| 44-45 Retail Trade | \$ 94,226.11 |
| 48-49 Transportation | \$ 1,201,685.27 |
| 51 Information | \$ 2,547,001.77 |
| 52 Finance and Insurance | \$ 10,872,034.98 |
| 53 Real Estate and rental and leasing | \$ 44,520,193.71 |
| 54 Professional and technical services | \$ 29,451,734.59 |
| 55 Management of companies and enterprises | \$ 6,384,861.02 |
| 56 Administrative and waste services | \$ 2,193,127.34 |
| 61 Educational services | \$ 788,447.00 |
| 62 Health care and social assistance | \$ 11,875,212.30 |
| 71 Arts, entertainment, and recreation | \$ 3,356,824.38 |
| 72 Accommodation and food services | \$ 3,115,195.04 |
| 81 Other services, except public administration | \$ 3,058,178.00 |
| 92 Public Administration | \$ 1,189,879.01 |
| Unclassified | \$ 1,436,409.00 |
| GRAND TOTAL | \$ 160,776,445.54 |

* Industries are represented by standard "NAICS" codes (North American Industry Classification System).

Note: Benefits issued to individuals or community colleges are not considered in this report.

DED INCENTIVES REPORTED BY BUSINESS SIZE

January 1, 2014 to December 31, 2014

| Business Size | Less than 100 | | 100-500 | | >500 | |
|---|---------------|---------------|---------|---------------|------|---------------|
| Applicable Programs Reporting: | | | | | | |
| Amateur Sporting Contribution | \$ | - | \$ | - | \$ | - |
| Amateur Sporting Ticket Sales | \$ | - | \$ | - | \$ | - |
| Brownfield Demolition | \$ | - | \$ | - | \$ | - |
| Brownfield Jobs and Investment | \$ | 197,740.00 | \$ | - | \$ | - |
| Brownfield Remediation | \$ | 1,941,917.33 | \$ | 317,851.31 | \$ | - |
| Business Facility | \$ | 81,059.00 | \$ | 24,233.00 | \$ | 5,997,366.00 |
| Business Incubator | \$ | 122,421.47 | \$ | - | \$ | - |
| Capital SBIC | \$ | - | \$ | - | \$ | - |
| Certified Capital Companies | \$ | - | \$ | - | \$ | - |
| Charcoal Producers | \$ | - | \$ | - | \$ | - |
| Community Bank | \$ | - | \$ | - | \$ | - |
| Development Tax Credit | \$ | 172,400.00 | \$ | - | \$ | 1,996,841.42 |
| Distressed Areas Land Assemblage | \$ | - | \$ | - | \$ | - |
| Enhanced Enterprise Zone | \$ | 3,079,833.98 | \$ | 2,956,497.78 | \$ | 1,513,754.46 |
| Enterprise Zone | \$ | - | \$ | - | \$ | - |
| Family Development Account | \$ | - | \$ | - | \$ | - |
| Film Production | \$ | 25,000.00 | \$ | 2,748,097.38 | \$ | - |
| Historic Preservation (Developers Only) | \$ | 48,570,635.46 | \$ | - | \$ | - |
| Loan Guarantee Fee | \$ | - | \$ | - | \$ | - |
| Missouri Manufacturing Jobs* | \$ | - | \$ | 50,379.00 | \$ | 16,328,810.41 |
| Missouri Quality Jobs | \$ | 10,351,650.28 | \$ | 9,290,579.47 | \$ | 31,595,894.91 |
| Missouri Works | \$ | 579,281.00 | \$ | 176,872.46 | \$ | - |
| Neighborhood Assistance | \$ | 9,197,427.00 | \$ | 1,987,909.00 | \$ | 412,973.00 |
| Neighborhood Preservation (Developers Only) | \$ | 2,024,312.18 | \$ | - | \$ | - |
| New Enterprise Creation | \$ | - | \$ | - | \$ | - |
| Rebuilding Communities | \$ | 1,734,694.62 | \$ | - | \$ | - |
| Research | \$ | - | \$ | - | \$ | - |
| Seed Capital | \$ | - | \$ | - | \$ | - |
| Transportation Development | \$ | - | \$ | - | \$ | - |
| Urban Enterprise Loan | \$ | 100,000.00 | \$ | - | \$ | - |
| Wine and Grape (Businesses Only) | \$ | 22,388.61 | \$ | - | \$ | - |
| Youth Opportunities Program | \$ | 3,909,441.00 | \$ | 2,004,865.00 | \$ | 148,269.00 |
| TOTAL | \$ | 82,110,201.93 | \$ | 19,557,284.40 | \$ | 57,993,909.20 |

Note: Benefits issued to individuals, community colleges or units of government are not considered in this report.

***These programs are not tax credit programs.**

JOBS REPORTING FOR ACCOUNTABILITY ACT

for period July 1, 2012-June 30, 2013

(135.805.1. RSMo requires the reporting of “actual number of jobs created as a result of the tax credits, at the location on the last day of the annual reporting period...” Reported below are the created jobs as self-reported by the companies through Accountability Reports due June 30, 2014.)

| Program | Jobs as Reported to Department of Revenue | | Jobs as Confirmed with Companies by DED | |
|---|--|----------------------------|--|-------------------|
| | Full Time Jobs Reported | Part time Jobs Reported | Full Time Jobs Reported | Part time Jobs |
| Reported | | | | |
| Amateur Sporting Contribution | - | - | - | - |
| Amateur Sporting Ticket Sales | - | - | - | - |
| Brownfield Demolition | - | - | - | - |
| Brownfield Jobs and Investment | 184 | 45 | - | - |
| Brownfield Remediation | 1,415 | 280 | 331 | 26 |
| Business Facility | 3,930 | 9 | 1,079 | 9 |
| Business Incubator | 186 | 132 | 186 | 132 |
| Capital SBIC | - | - | - | - |
| Certified Capital Companies | - | - | - | - |
| Community Bank | - | - | - | - |
| Development Tax Credit* | 117,988 | 400 | 192 | - |
| Distressed Areas Land Assemblage | 6 | - | 6 | - |
| Dry Fire Hydrant | - | - | - | - |
| Enhanced Enterprise Zone* | 43,099 | 283 | 1,203 | 74 |
| Enterprise Zone* | 44 | 4 | 44 | 4 |
| Family Development Account | - | - | - | - |
| Film Production | - | - | - | - |
| Historic Preservation (Developers Only) | 3,025 | 1,444 | 3,025 | 1,444 |
| Loan Guarantee Fee | - | - | - | - |
| Missouri Quality Jobs | 40,437 | 3,408 | 2,972 | 223 |
| Missouri Works | - | - | - | - |
| Neighborhood Assistance* | 554 | 259 | 170 | 219 |
| Neighborhood Preservation (Developers Only) | 113 | 28 | 113 | 28 |
| New Enterprise Creation | - | - | - | - |
| Rebuilding Communities | 573 | 450 | 95 | 98 |
| Research | - | - | - | - |
| Seed Capital | - | - | - | - |
| Transportation Development | - | - | - | - |
| Wine and Grape (Businesses Only) | 15 | 21 | 15 | 21 |
| Totals | 211,569 | 6,763 | 9,431 | 2,278 |

Note 1: These job numbers may not reflect the total projected for the projects. The job numbers also may not reflect the number of jobs for which benefits were issued due to timing, documentation, program definitions of "new job", etc. The benefits in many cases are issued over several years and companies report jobs each year for purposes of receiving the benefits.

Note 2: In reviewing the data submitted to the Department of Revenue by companies through the Accountability Report, the Department of Economic Development identified a possible issue with the data. It appeared that many companies had reported cumulative numbers by month. When running the reports the numbers came out excessively high. DED called companies, as well used other reports from the companies that had been previously verified to get more accurate data to report.

**Some companies selected a different "program name" than they actually participated in, so DED has assigned the appropriate job number to the correct programs.*

CY 2014 LEGAL ACTIONS

Actions are based on entities failure to comply with an incentive contract or agreement.

| Program | Applicant | Issue | Action |
|--|---------------------------|--|--|
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | 3540 Washington Ave., LLC | Applicant did not submit proof of payment of accrued development fees, upon which tax credits were issued | Sent legal demand letter and referred to AGO |
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | 920/1000, LLC | Failed to pay developer fee | Company failed to agree to repayment plan and can no longer be contacted. Pursuing. |
| Neighborhood Assistance Program § 32.100 - 32.125, RSMo | Blue Ryno | Applicant breached the terms of the agreement by failing to file a quarterly report or a final project report. | With assistance of AGO, settled case for \$15,000. Applicant agreed to surrender property but no public or private entity could be found to accept it. |
| Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended | Carbolytic Materials | Action Fund Loan- Applicant breached the terms of their agreement. | Referral made to AGO and it is currently under review |
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | Clubhouse Partners, LP | Accrual was overdue | Referred to AGO |
| Small Business Loan, Missouri Development Finance Board Act, Sections 100.250 to 100.297, RSMo | Daniels & Daniels, LLC | Company defaulted on loan by failing to make scheduled payments | Referred to AGO |
| Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended | Defbar Systems, LLC | Applicant failed to make timely payments on a Community Development Block Grant Action Fund Loan. | Sent notice of default and referred to AGO |
| Small Business Loan, Missouri Development Finance Board Act, Sections 100.250 to 100.297, RSMo | Dive Stop LLC | Applicant breached a promissory note and security agreement by failing to make payments. | Referral made to AGO and they are currently drafting a Petition |

| Program | Applicant | Issue | Action |
|--|---|---|---|
| Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended | Excelsior Springs Bottling Company | Applicant failed to make timely payments on a Community Development Block Grant Action Fund Loan. | Sent notice of default and referred to AGO |
| Missouri Customized Training Program- Division of Workforce Development | Furniture Brands Inc. | Applicant has stated that they intend to breach the terms of the agreement by transferring the program funded jobs out of country | Referral made to AGO and for action in Furniture Brands' bankruptcy |
| Small Business Loan, Missouri Development Finance Board Act, Sections 100.250 to 100.297, RSMo | Gala Event Center, LLC | Applicant breached promissory note and security agreement. | AGO is currently considering action in the Bankruptcy |
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | Group Five Developers, Inc. | Applicant did not submit proof of payment of accrued development fees, upon which tax credits were issued | Sent legal demand letter and referred to AGO |
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | Haden Property Investment Group, LLC #1 | Failed to pay developer fee | Referred to AGO |
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | Hartley's Appliance & Furniture, Inc. (log #'s 49855-49857) | Accrual was overdue | Referred to AGO |
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | Louderman, LLC | Failed to pay developer fee | Referring to AGO |
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | Marquette Office Building, LLC | Accrual was overdue | Referred to AGO |
| Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended | Morrison Marketing Group d/b/a Tag Team Uniforms | Applicant failed to make timely payments on a Community Development Block Grant Action Fund Loan. | Sent notice of default and referred to AGO |



| Program | Applicant | Issue | Action |
|--|--------------------------------------|--|---|
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | Neosho Historic Office Building, LLC | Accrual was overdue | Referred to AGO |
| Missouri Customized Training and Program- Division of Workforce Development | Nordyne | Applicant has stated that they intend to breach the terms of the agreement by transferring the program funded jobs out of country | Referral made to AGO it is currently under review |
| Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended | Renaissance Aircraft | Applicant breach the terms of their agreement by failing to repay the loan, create the required jobs, and repay its infrastructure grant | In litigation |
| New Jobs Training" | | | |
| Small Business Loan, Missouri Development Finance Board Act, Sections 100.250 to 100.297, RSMo | Ribeye and Roper | Applicant breached a promissory note and security agreement by failing to make payments. | Referral made to AGO Settlement negotiations ongoing. |
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | Rudman Building Apartments, L.P | Accrual was overdue | Referred to AGO |
| Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), | Tropical Illusion | Action Fund Loan- Applicant breached the terms of their agreement. | AGO is engaged in collection efforts on Consent Judgment as amended |
| Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo | Watkins Investment Group, LLC | Applicant did not submit proof of payment of accrued development fees, upon which tax credits were issued | Sent legal demand letter |
| Missouri Development Finance Board. (100.250 to 100.297 RSMo and 100.700 to 100.850 RSMo) | Vespa of KC, Inc. | Breach of promissory note and agreements | Referred to AGO, litigation pending |

